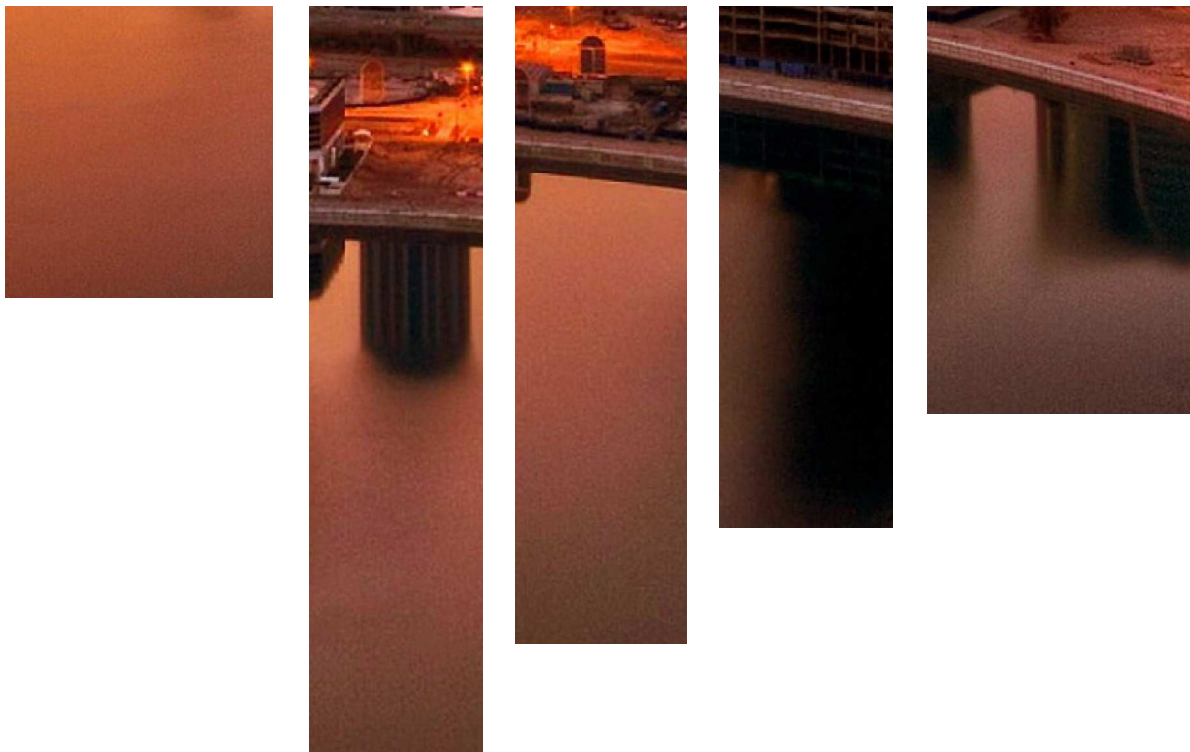


Onyx Capital Advisory

Dubai Market Report

30th January 2024





Key Points

- The Mar Brent/Dubai contract sank from a zenith of above 80c/bbl on Jan 17 to 50c/bbl on Jan 24 but picked up immediately after, surging up by 10c/bbl on Jan 29.
- Overall market positioning in Brent/Dubai is still skewed towards the sell-side across the curve, although later tenors witness a more mixed bag of flows.
- Open interest in Mar Brent/Dubai has continued to strengthen over the last two weeks by over 24% although Mar is seeing lower interest than Nov, Dec, Jan, and Feb.
- Asian refinery margins have gained bullish momentum with Q2 and Q3 margins reaching highs of \$9.85/bbl and \$8.65/bbl on Jan 26, respectively. Despite all the 2H'24 product cracks seeing a bullish fortnight, Gasoline was again the main driver of margins performance, as the H2 contract reached a 5-month high and traded at around \$8.30/bbl on Jan 26.

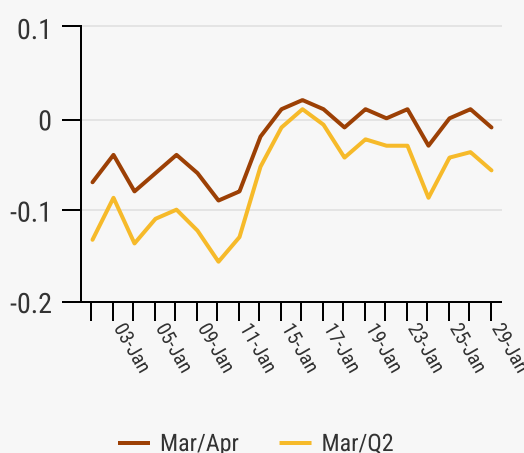
Geopolitical Risk Equilibrium

The past fortnight saw the soon-to-be-prompt Mar Brent/Dubai contract rise above 80c/bbl on Jan 16, before sinking to 50c/bbl by Jan 24 and then rise again to 60c/bbl come Jan 29. This oscillation over the fortnight has painted a rangebound picture of front Brent/Dubai contracts despite the backdrop of wartime risk premia emerging out of the tensions in the Red Sea.

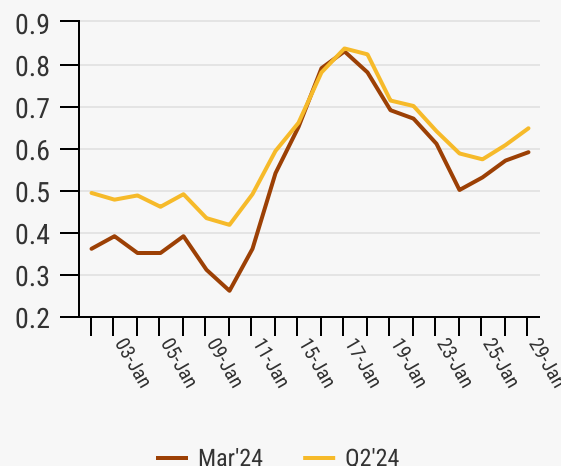
In the week to Jan 25, Brent/Dubai rallied on the back of buy-side interest from a variety of market participants amounting to nearly 2m bbls. However, the Feb/Mar and Mar/Apr boxes saw sell-side interest by majors/NOCs and trade houses, respectively. Amid these alternating flows, the almost-Bal Feb Brent/Dubai contract came off from levels just shy of 90c/bbl on Jan 17 to 50c/bbl a week later only to finally correct to 60c/bbl the following day. In the following, we watched markets price in the news on a Houthi missile hitting a Trafigura-operated oil tanker. Mar/Apr Dubai spreads were aggressively bought by trade houses and producers, rallying from 25c/bbl on Jan 23 to 40c/bbl on Jan 29. However, with Brent spreads also strengthened amid the volatility, the Mar Brent/Dubai climbed from 50c/bbl on Jan 24 to 60c/bbl on Jan 29. Although on the back of Feb/Mar and Mar/Apr Brent/Dubai box selling, Brent/Dubai prices once again declined with the Mar Brent/Dubai seen trading at 50c/bbl levels on Jan 30.

The past fortnight has undoubtedly observed a swell in trading volumes and open interest, but this influx of players is still not observed taking a unidirectional view of the market. Despite the geopolitical risk premium sounding alarms in other markets, the Dubai complex has managed to reach an equilibrium of sorts. It will be interesting to see how further developments in the conflict will impact how it is priced, but for now, we appear stuck in a market where any aggressive buying or selling is considered as noise rather than a view.

Brent/Dubai Boxes (\$/bbl)



Brent/Dubai (\$/bbl)

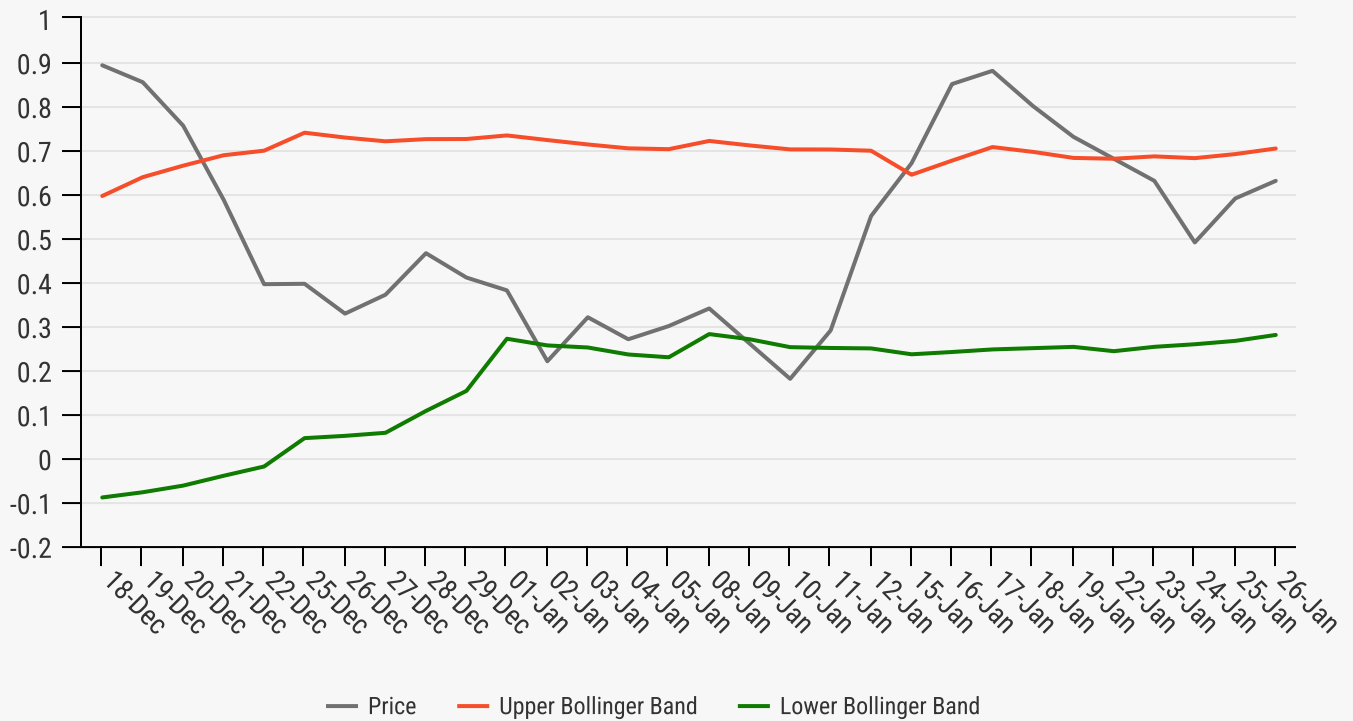




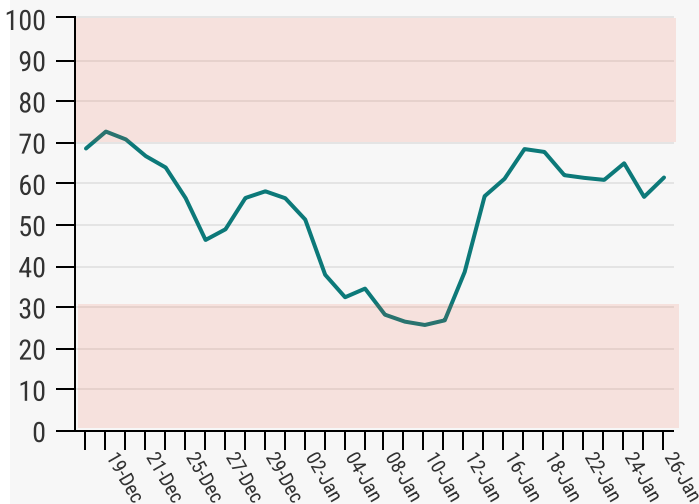
Long March Brent/Dubai

The market currently lacks real fervour and is seeing rangebound day-on-day moves as Mar has slid down to 50c/bbl handles on Jan 30. We expect the best trade for this environment would be to put on a small long position in the soon-to-be prompt Brent/Dubai buying as it breaks up past 50c/bbl and selling at 65c/bbl.

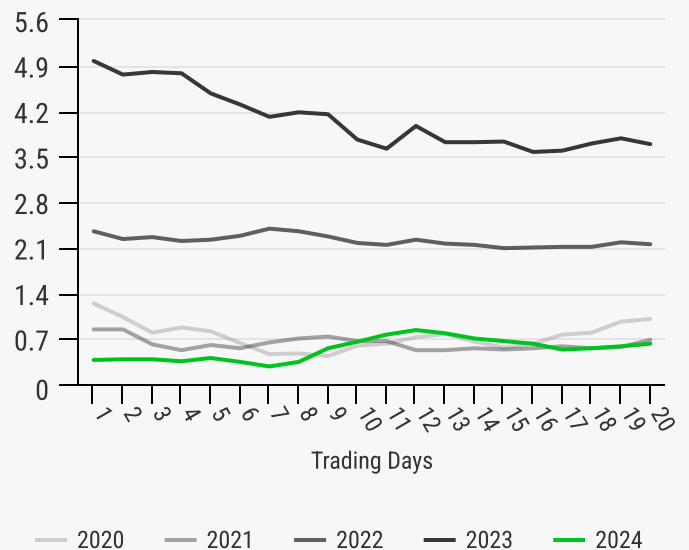
Mar Brent/Dubai (\$/bbl)



RSI Marker



Mar Brent/Dubai (\$/bbl)



Market Positioning - Brent/Dubai



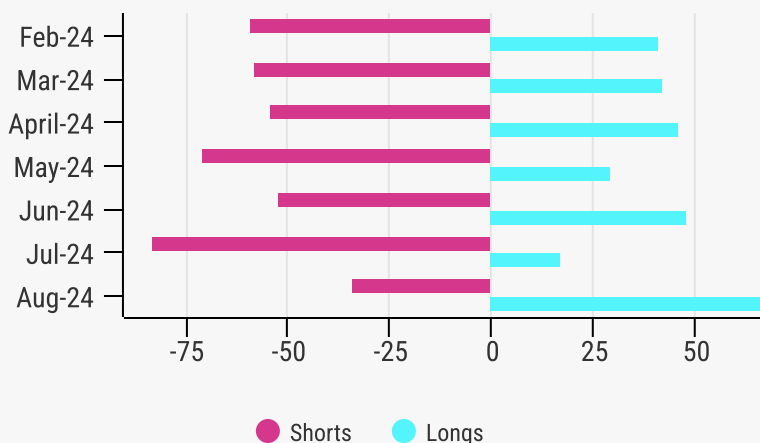
Overall Market Trading Split



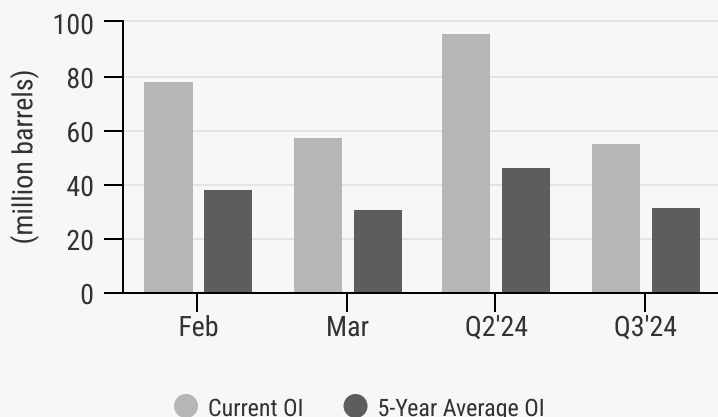
Brent/Dubai Positioning

Overall, the market continues to display a slight sell-side skew. The most significant of this skew was observed in the soon-to-be-prompt Mar-24 tenor which sits on a long:short split of 40:60. Further down the curve, this ratio rests closer to 45:55 long:short.

7-Day Market trading Split



In the front, the 7-day market trading split is a reflection of the overall split with Mar-24 sitting on 40:60 long:short. However, deferred tenors have been more mixed over the past week, with the May-24 contract sitting at 30:70 long:short whilst the Aug-24 contract is skewed to the buy-side with a long:short ratio of 65:35.



Open interest continues to rise across the curve in Brent/Dubai. The soon-to-be Bal-Feb contract saw open interest climb by 7% to 78mbbbls over the fortnight whereas the Mar-24 tenor saw OI rise by 37% to levels just shy of 60mbbbls. OI in Q2'24 and Q3'24 also surged up, with the former now more than 90% above the 5-year average for this time of the year.

View and Forecasts



OUTRIGHT

Contract	Mar24 Brent/Dubai
View	Bullish
Conclusion	Prices seem to hold at the current levels, after coming off and signalling a potential resistance level.
2-Week Forecast	\$0.60-0.75/bbl

Contract	Apr24 Brent/Dubai
View	Bullish
Conclusion	Prices seem to hold at the current levels, after coming off and signalling a potential resistance level.
2-Week Forecast	\$0.60-0.75/bbl

Contract	Mar/Apr Brent/Dubai Box
View	Bullish
Conclusion	Prices seem to hold at the current levels, after coming off and signalling a potential resistance level.
Current Price	-\$0.05/bbl
2-Week Forecast	-\$0.02-0.05/bbl

SPREAD

Contract	Apr/May Brent/Dubai Box
View	Bullish
Conclusion	Prices seem to hold at the current levels, after coming off and signalling a potential resistance level.
Current Price	-\$0.07/bbl
2-Week Forecast	-\$0.05-0.00/bbl

Most Recent Flows and Desk Observations



	Flow	Brent/Dubai	Flow	Brent/Dubai Box	Net Impact
Mar24	0	Very rangebound. Buying interest was found in Brent/Dubai before participants were happy to sell. Feb B/D rallied to highs of 90c/bbl before selling off to around 60c/bbl, dragging Mar along with it. Funds were seen flipping sell-side yesterday.	0	Rangebound fortnight with the contract finding resistance levels around flat and support levels around 10c/bbl.	Neutral
Apr24	0	Followed soon-to-be prompt price action. Trade houses were buying and funds were selling.	0	Trade houses were seen on the buy-side.	Neutral
Q2'24	0	Limited price action.	0		Neutral
Q3'24	0	Limited price action.	0		Neutral
Cal25	0				Neutral

COT - Brent/Dubai



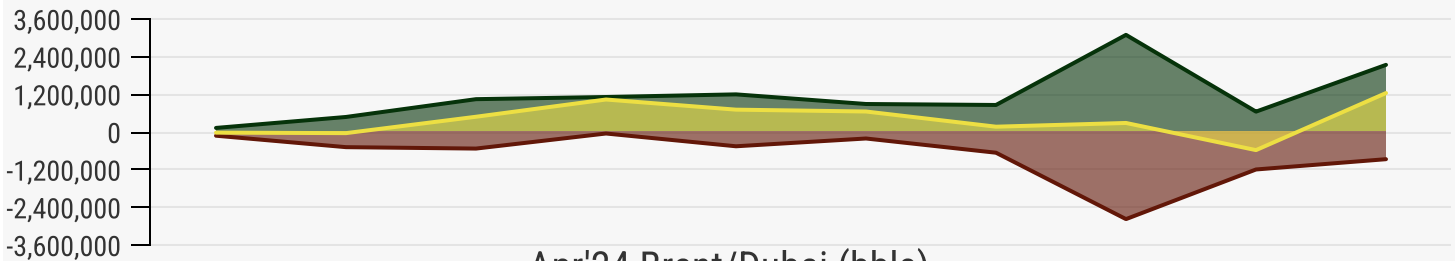
	Exchange OI (mbbl) (% weekly Change)	7-Day Onyx Market Share	Hedging OI (mbbl)	Spec OI (mbbl)	Long:Short	OI-Average
Feb24	78.70 (7.2%)	40.4%	48.0	30.7	45:55	105%
Mar24	57.87 (36.9%)	23.7%	40.7	17.2	40:60	87%
Q2'24	96.61 (18.7%)	26.1%	80.1	16.5	45:55	107%
Q3'24	55.58 (14.3%)	31.9%	49.3	6.3	45:55	74%

Brent/Dubai and Dubai Swaps - Onyx Contracts

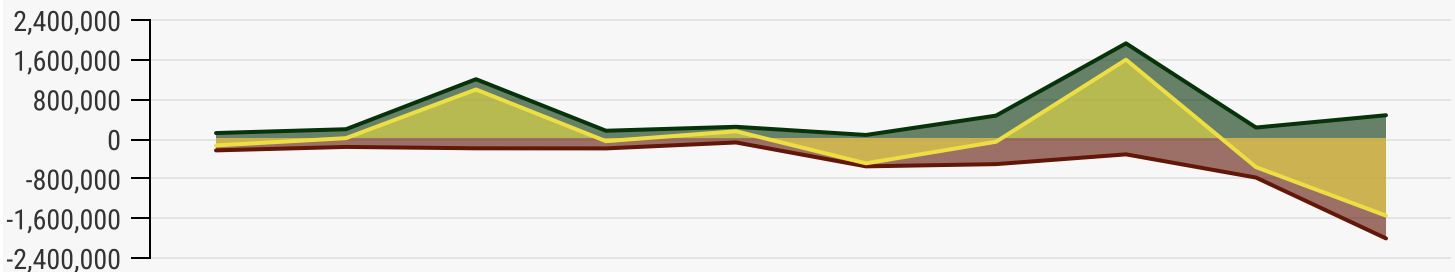


Looking at the market positioning over the past two weeks, we can see an increase in volumes over the past week in both Brent/Dubai and outright Dubai contracts. Among these volumes, Mar-24 Brent/Dubai saw dominant buy-side volumes with Jan 29 particularly witnessing 900kbbbls of selling against over 2.1mbbls of buying. Apr-24 Brent/Dubai was more mixed in flow, ultimately seeing heavy net selling at 1.6mbbls on Jan 29. In outright Dubai contracts, we primarily saw net buying save for some net selling flows. Jan 25 recorded some of the most noteworthy of these buy-side flows with the Mar-24 tenor seeing 3mbbls of selling against 4.3mbbls of buying, and the Apr'24 contract seeing 1.9mbbls of selling countered with 2.8mbbls of buying.

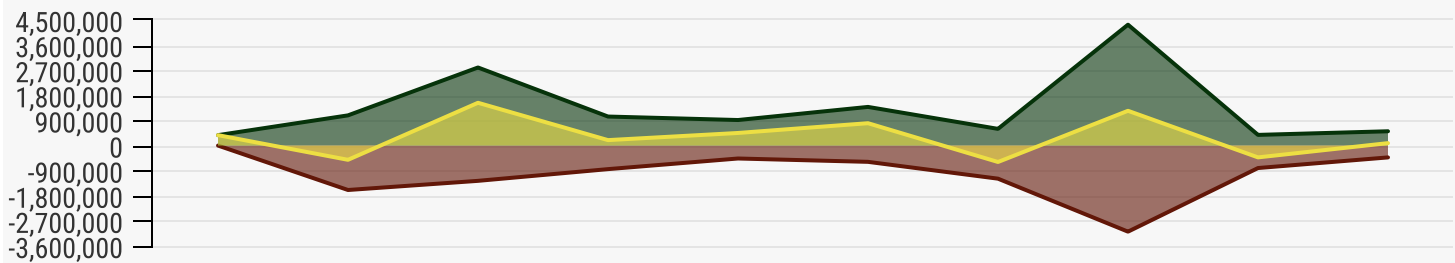
Mar'24 Brent/Dubai (bbls)



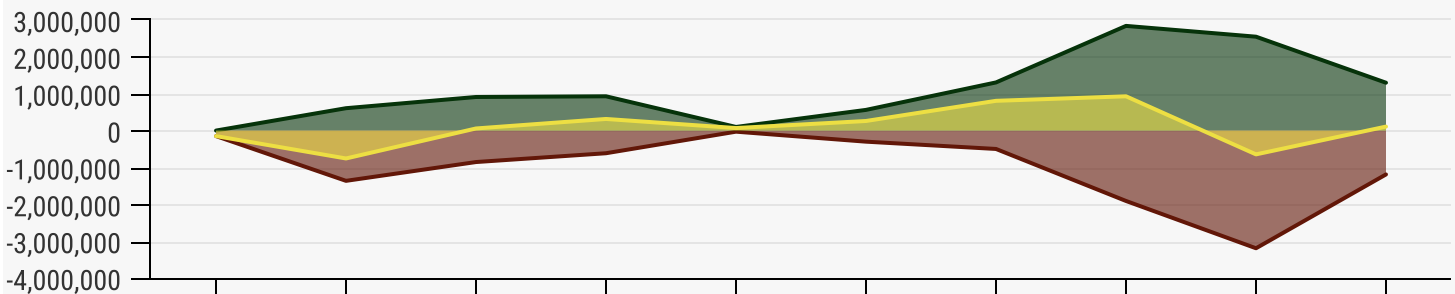
Apr'24 Brent/Dubai (bbls)



Mar'24 Dubai (bbls)



Apr'24 Dubai (bbls)



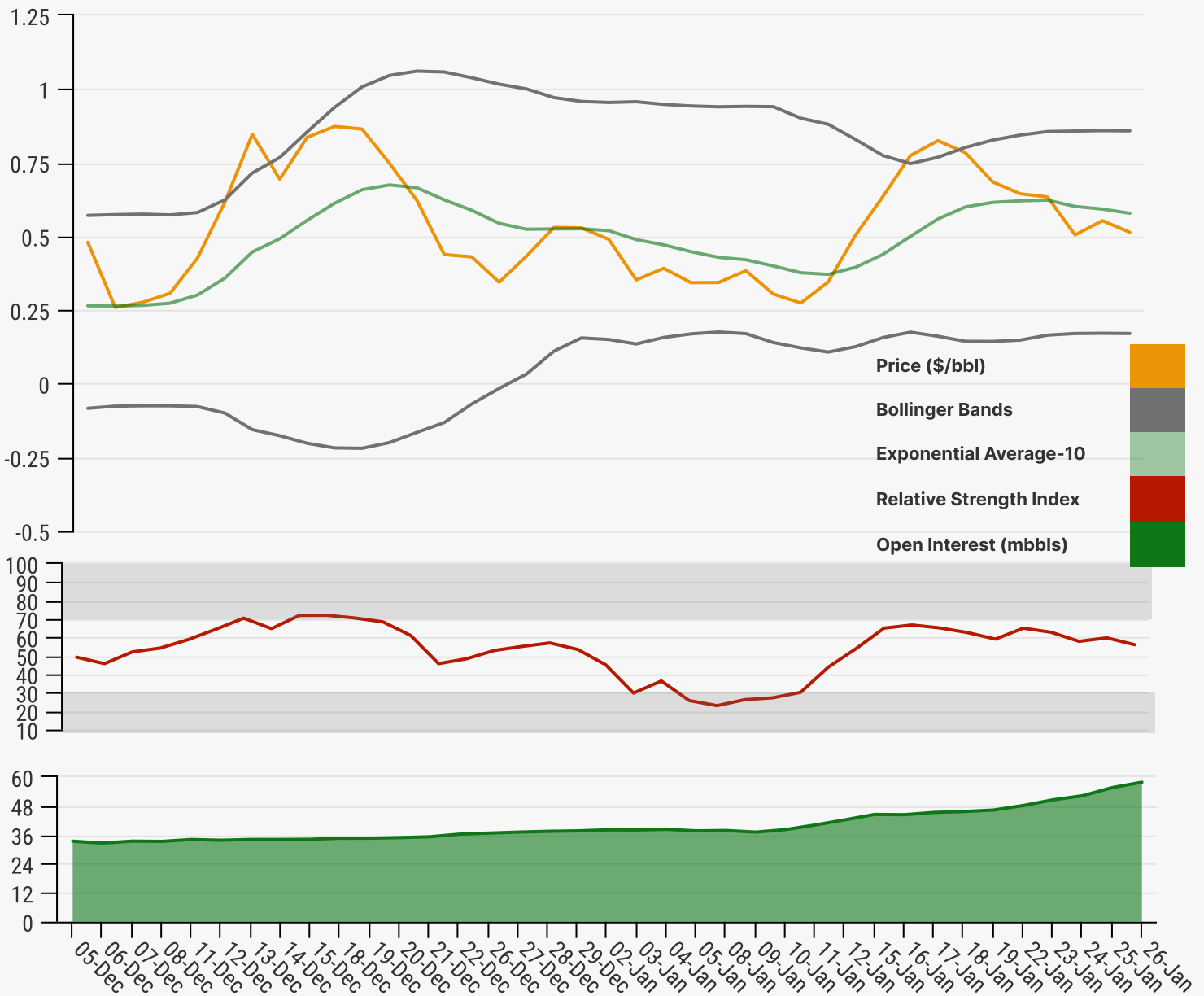
● Short ● Long ● Net

Brent/Dubai - Technical Analysis



- **Bollinger bands** widened, perhaps due to the rise in interest alongside an injection of geopolitical risk in the aftermath of the recent tanker attack on Jan 26. Despite this rise in volatility, prices have been rangebound between 25c/bbl and 80c/bbl - mostly oscillating within the bounds of neutrality based on either Bollinger band.
- The **RSI** for the Mar tenor also remains within the neutral territory and has been retracing lower with the market moving downwards from the resistance level of 80c/bbl.
- **Open interest** for the Mar Brent/Dubai has steadily risen 26% week-on-week, with interest steepening into the week to Jan 26, in line with our conjecture of the market adding short risk. Open interest continues to be historically high, with OI for the Mar tenor sitting at 57% over the 5-year average at 58mbbls on Jan 26.

Mar'24 Brent/Dubai (\$/bbl)

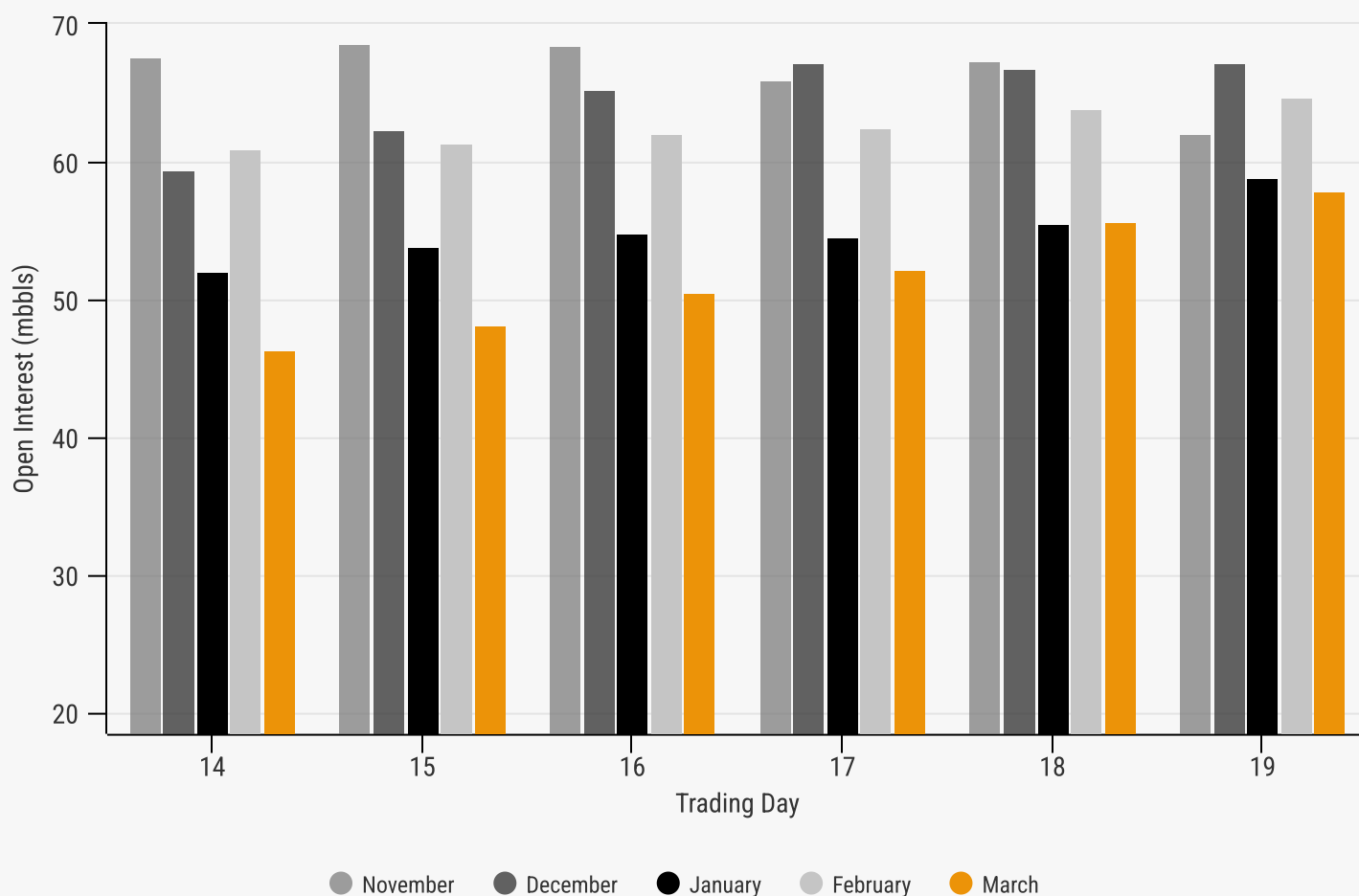


Brent/Dubai - Open Interest



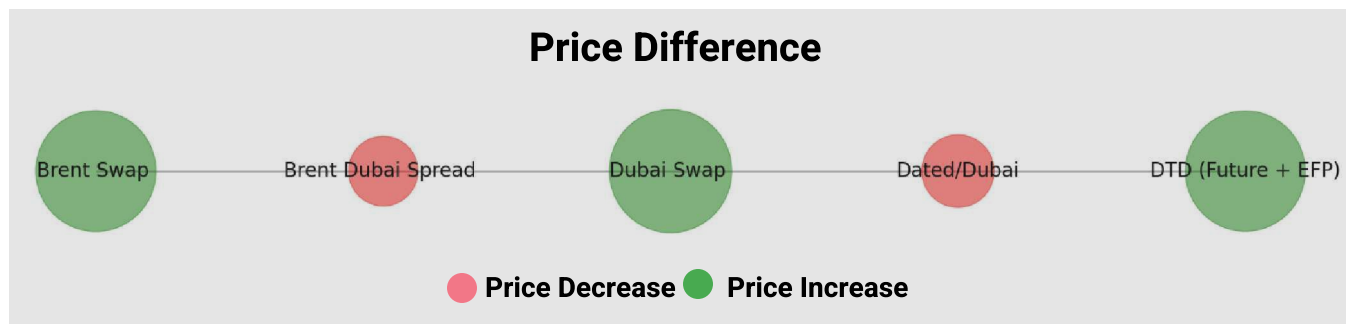
- **Open interest** in the Mar contract has continued to strengthen over the last five trade days reaching 57.9mbbls on Jan 26, growing 24.9% week-on-week.
- However, compared to the last four months, the OI is well below previous levels. In November, when January was M2, the OI was seen even slightly higher than the current interest in the Mar Brent/Dubai.
- January being the M2 saw the contract above the 50mbbls, sitting above the 58mbbls handles on the 19th trading day. In comparison, Mar is slightly lagging behind with levels only reaching above the 57mbbls handles on Jan 26, the 19th trading day.

M2 Brent/Dubai Open Interest in respective months



*For reference, January was the M1 in the 9-13th trading days of December.

M1 Network Analysis



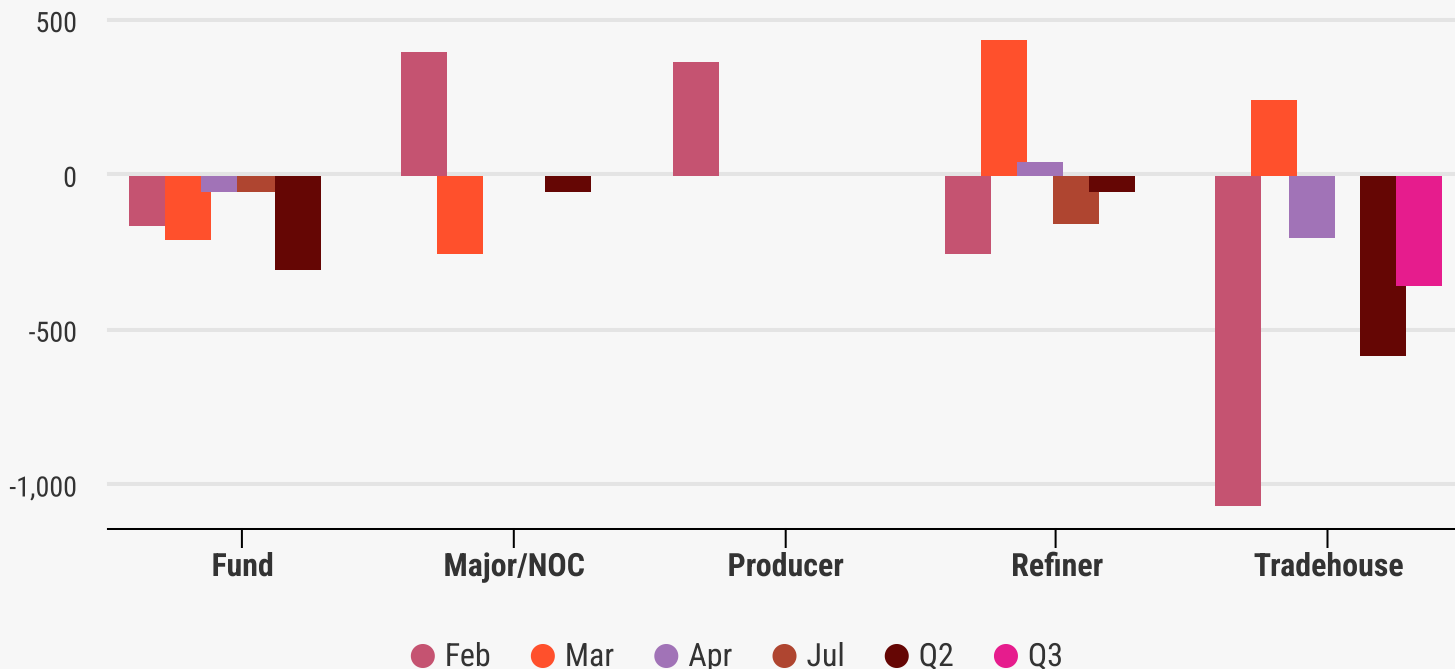
Above is the network analysis in the March contract for the **five-day trading period to the 26th of January**. Prices in both Brent and Dubai strengthened in these five trading days, but the strength was concentrated in Dubai due to which the soon-to-be-prompt Brent/Dubai contract weakened by 20c to just below 60c/bbl on Jan 26. Despite the strength clocked in by Brent and Dubai swaps, net positioning across Brent, Brent/Dubai and Dubai Mar contracts got shorter overall. Finally, these contracts also increased in volumes traded, signalling a rise in risk appetite by market participants.

- Size of bubble proportional to increase or decrease.
- Volume Size: log of absolute volume
- Price Size: scaled by standard deviation

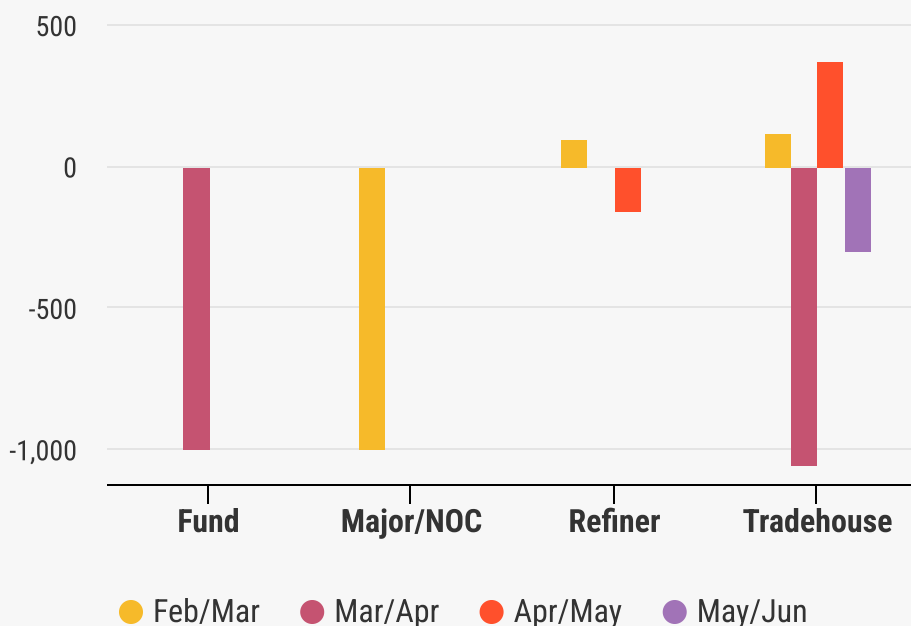
Counterparty Type - Brent/Dubai



Brent/Dubai counterparty type net position (kbbbls)



Brent/Dubai boxes counterparty type net position (kbbbls)

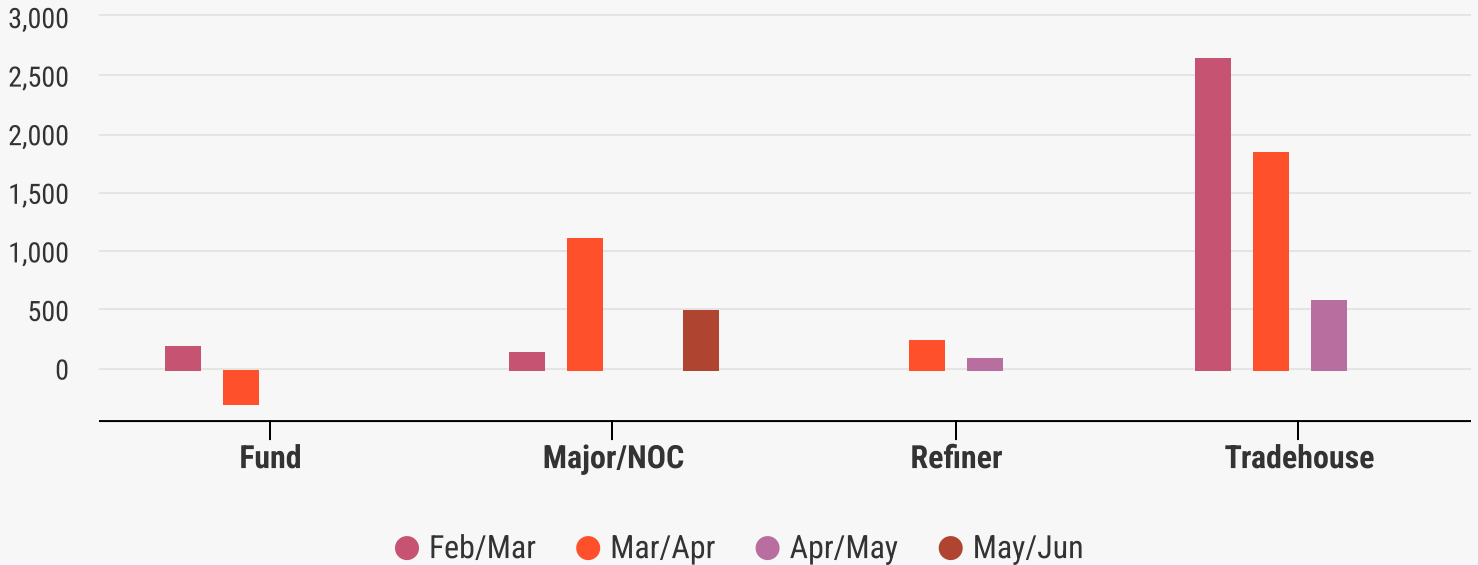


- **Over the past 2 weeks**, we have seen mostly buy-side interest in outright Brent/Dubai in Feb and Mar. The soon-to-be Balmo contract has been offered notably by trade houses, offloading over 1m bbls worth of positions in Feb to Onyx. In Feb, only majors/NOCs and producers were seen buying by over 300k bbls and 400k bbls, respectively.
- Looking at the Mar/Apr box, most interest was skewed to the sell-side with funds and trade houses seen offering the contract by both over 1m bbls. For the Apr/May box, trade house interest switched to the buy-side, longing 370k bbls worth of positions.

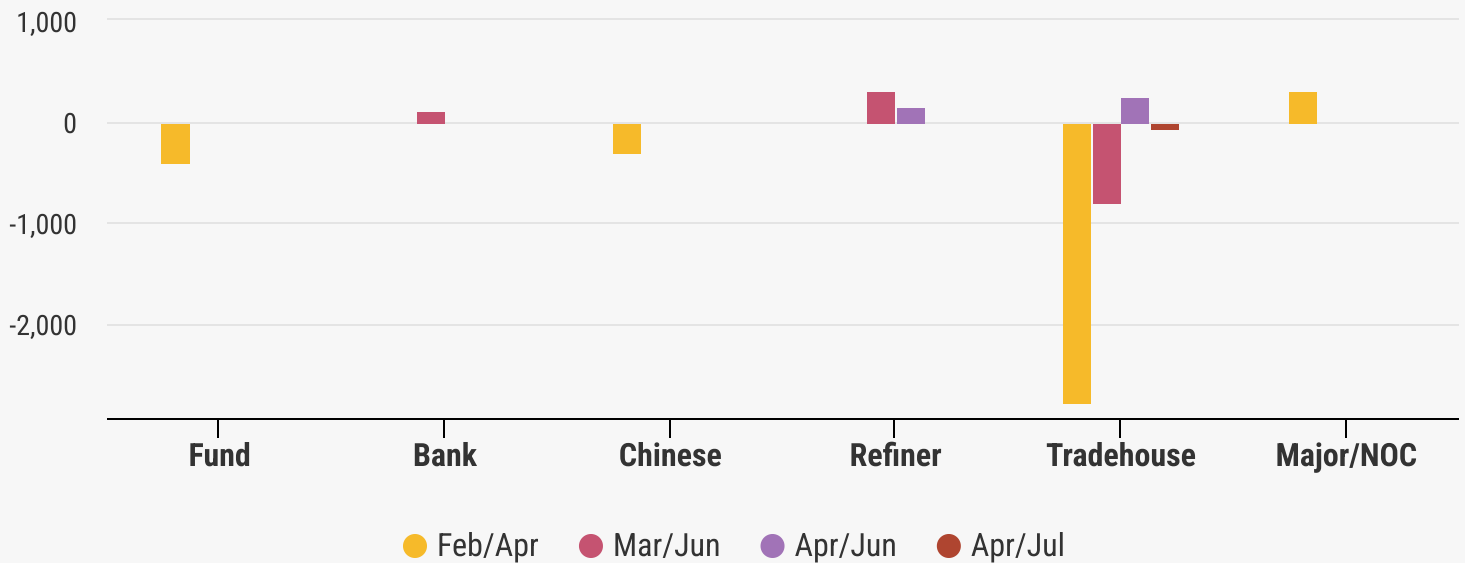
Counterparty Type - Dubai Spreads



Dubai spreads counterparty type net position (kbbbls)



Longer Dubai spreads counterparty type net position (kbbbls)



- Dubai spreads have been rather well-bid by market participants over the last fortnight with the Mar/Apr seeing notably bullish interest as trade houses, majors/NOCs and funds were buying the spread by over 1.8mbbls, 1.1mbbls and 250kbbbls respectively. The soon-to-be prompt spread is still enjoying bullish interest with trade houses strongly longing the Feb/Mar Dubai by over 2.6mbbls.
- Longer spreads have seen more bearish flows with the Feb/Apr contract skewed to the sell-side as trade houses were notably offloading over 2.7mbbls worth of positions.

Arbitrage Barrels

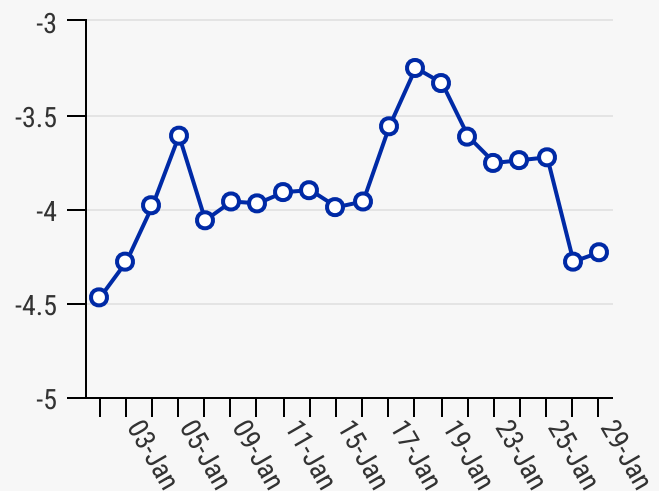
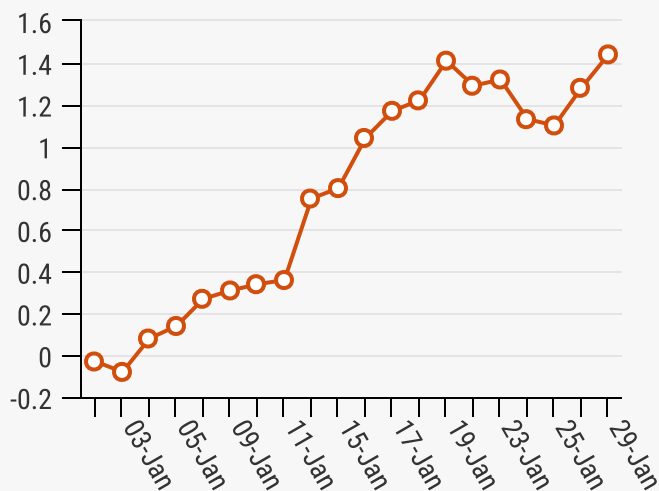


Dated to Dubai

Tenor	Differential Value (\$/bbl)	Adjusted Differential for Voyage Time*	vs 1-year Average	vs 5-year Average
M1	1.44	1.34	0.71	-0.22
M2	0.80	0.89	-0.24	-1.09
Q2-24	0.99	-1.86	-1.04	-1.24
Q3-24	0.97	1.29	-1.06	-1.26

Mars to Dubai

Tenor	Differential Value (\$/bbl)	Adjusted Differential for Voyage Time*	vs 1-year Average	vs 5-year Average
M2	-4.23	-3.40	-0.52	-2.34
M3	-4.10	-3.40	-0.62	-2.39
Q2-24	-3.68	-6.56	-0.16	-1.23
Q3-24	-3.80	-2.84	-0.36	-1.43

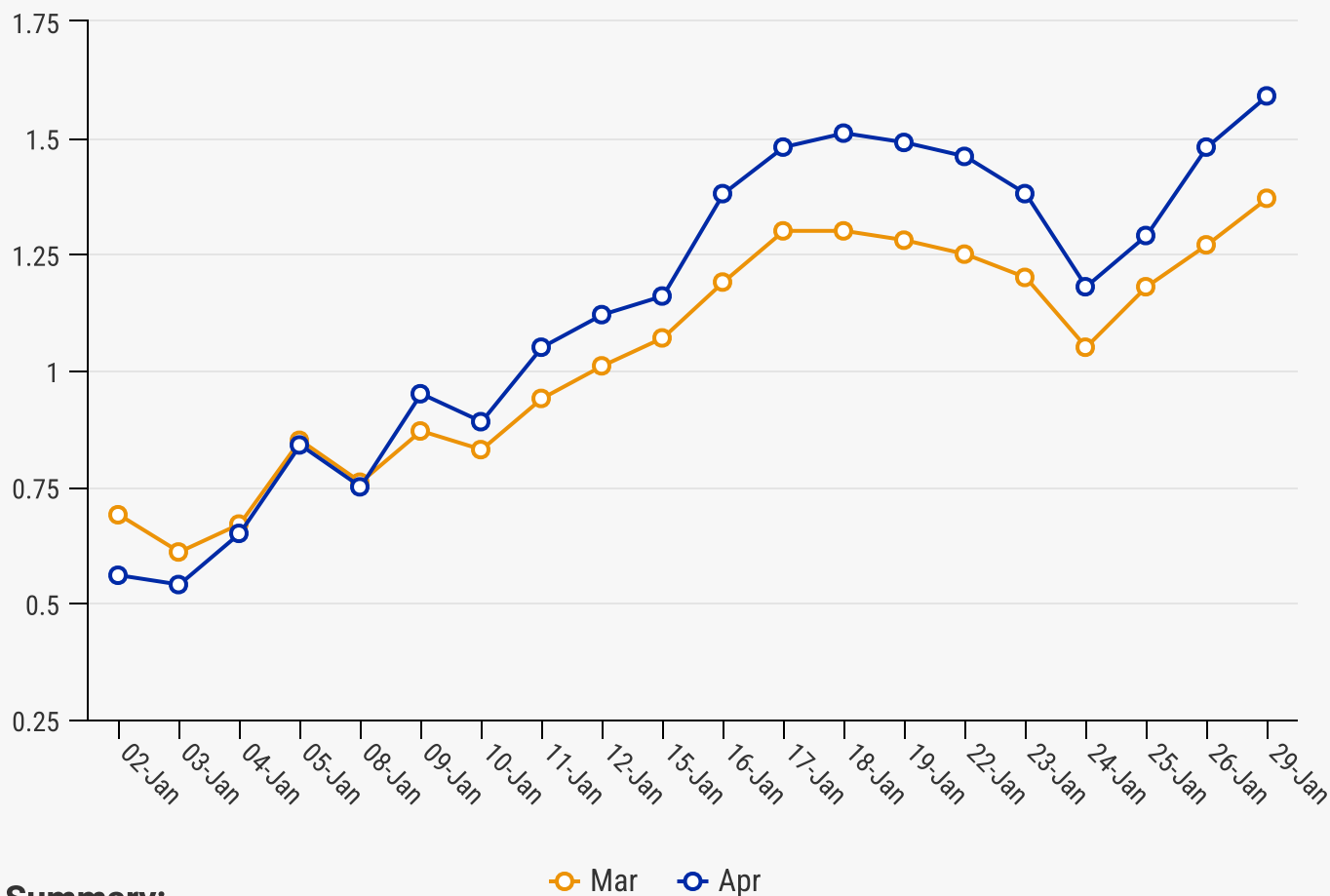


○ M1 Dated to Dubai (\$/bbl)

○ M2 Mars to Dubai (\$/bbl)



Mar and Apr Brent/Dubai EFS (\$/bbl)



Summary:

- The Brent/Dubai EFS initially weakened with the Mar and Apr EFS reaching lows of \$1.05/bbl and \$1.20/bbl on Jan 24, respectively.
- The prices then strengthened over the rest of the fortnight while they reached monthly highs of around \$1.35/bbl and \$1.60/bbl on Jan 29.

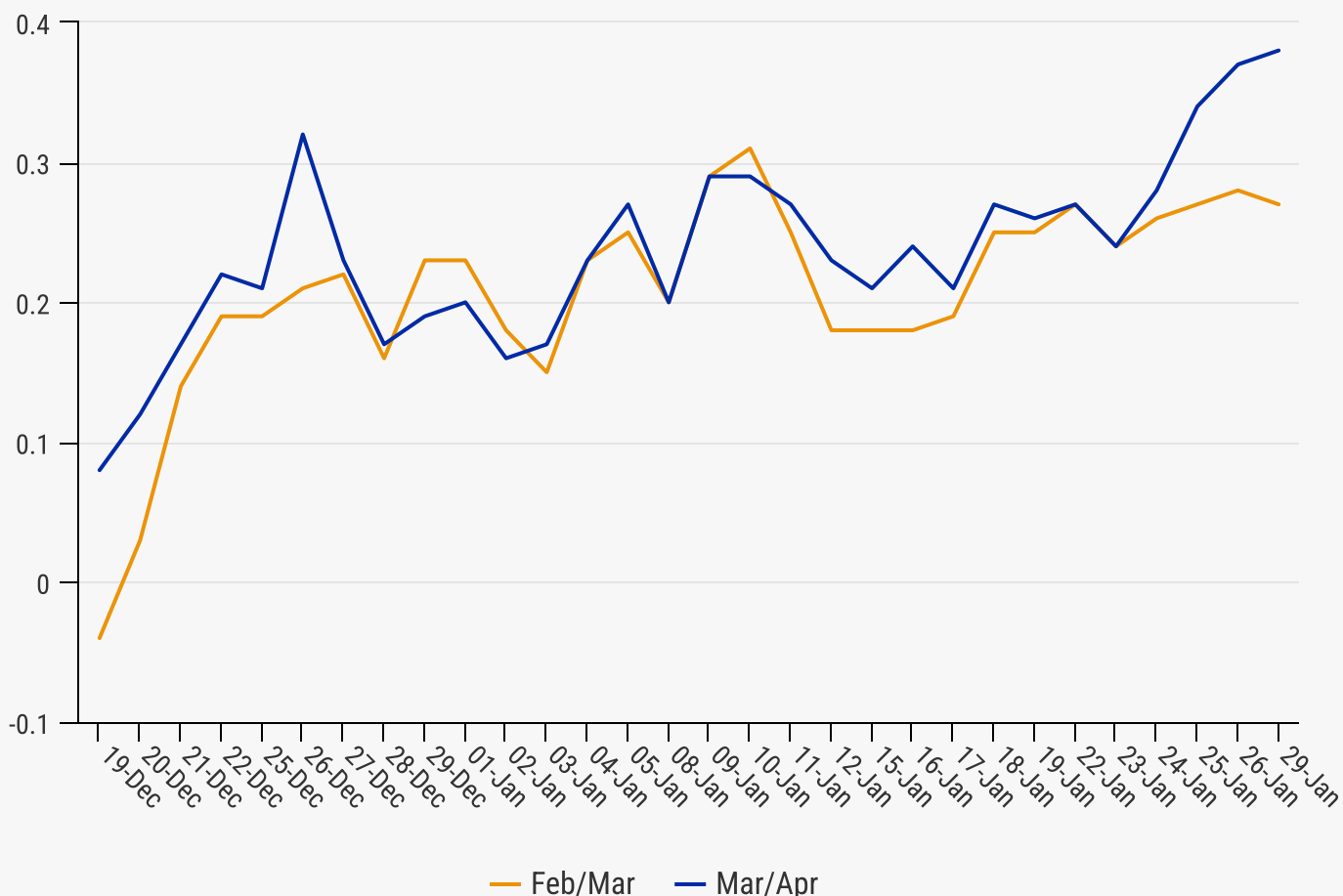
Notable Flows:

- Jan 22: Selling interest in the Apr-for-Feb and Mar-for-Feb crosses month EFSs.
- Jan 26: Buying interest in decent size in Apr EFS, trading at \$1.30/bbl.
- Jan 30: Selling interest in the May-for-Mar cross-month EFS and buying interest in the Apr-for-Feb cross-month, trading at \$0.57/bbl and \$0.66/bbl, respectively.

Pricing Spread



Feb/Mar and Mar/Apr Dubai Spread (\$/bbl)

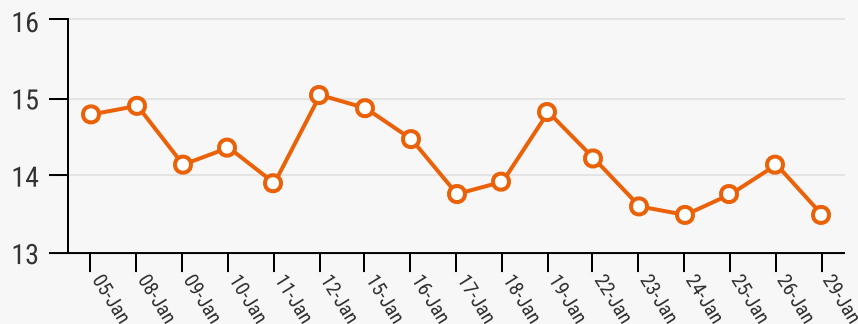


- The Feb/Mar Dubai spread saw choppy price action, ultimately strengthening with prices moving from below 20c/bbl on Jan 17 to the 25c/bbl handles on Jan 24 and to 30c/bbl on Jan 29.
- Onyx's counterparty data from this past week showed buying interest from trade houses, funds and majors/NOCs tantamount to 275kbbbls, 200kbbbls and 150kbbbls of the spread, respectively.
- The Mar/Apr Dubai spread, like its more prompt counterpart, rallied sharply from 20c/bbl on Jan 17 to 25c/bbl a week later and finally to the 40c/bbl handles on Jan 29. This surge in prices was notably less oscillatory compared to the Feb/Mar spread over the past week - highlighting stronger buy side interest.
- Onyx's counterparty data displays this buying, showcasing 1.5mbbbls of buying from trade houses, 1.2mbbbls of buying from majors/NOCs and 250kbbbls of refiner buying over the past week.

Freight Rates

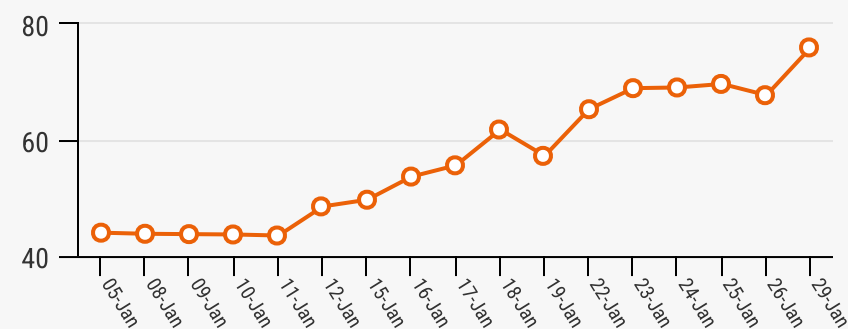


M1 TD3C - Dirty Freight Route from Middle East Gulf to China



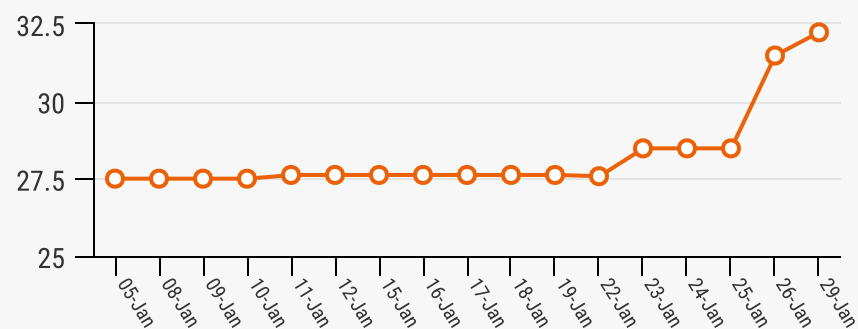
Tenor	Level (\$/mt)	2 Week change (%)
M1	13.48	-9%
M2	13.91	-1%
Q2-24	13.37	-1%
Q3-24	12.50	1%

M1 TC5 - Clean Freight Route from Arabian Gulf to Japan



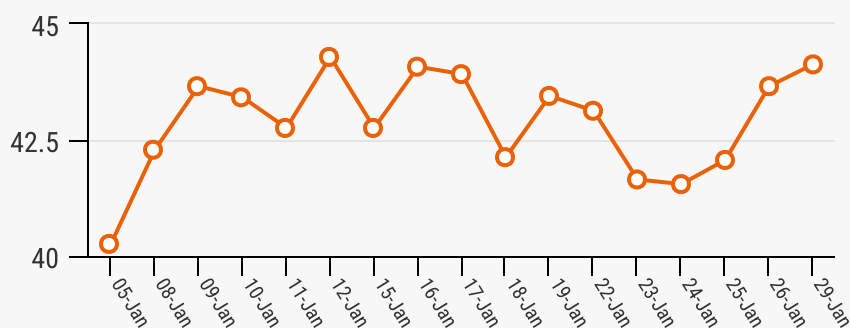
Tenor	Level (\$/mt)	2 Week change (%)
M1	75.96	53%
M2	64.95	34%
Q2-24	54.43	17%
Q3-24	45.23	9%

M1 TD8 - Dirty Freight Route from Kuwait to Singapore



Tenor	Level (\$/mt)	2 Week change (%)
M1	32.23	17%
M2	28.11	8%
Q2-24	23.71	3%
Q3-24	22.04	0%

M1 TD25 - Dirty Freight Route from US Gulf to ARA

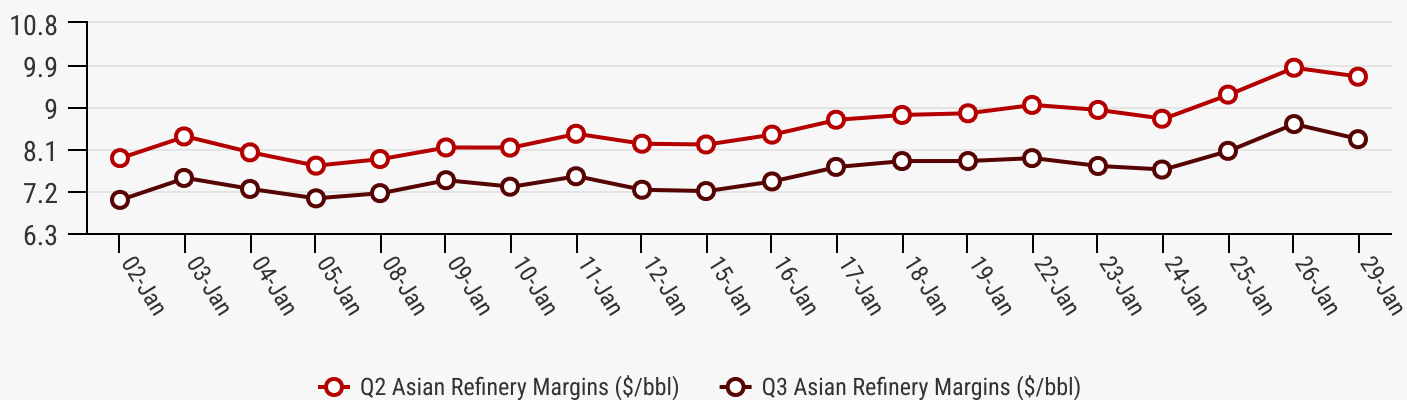
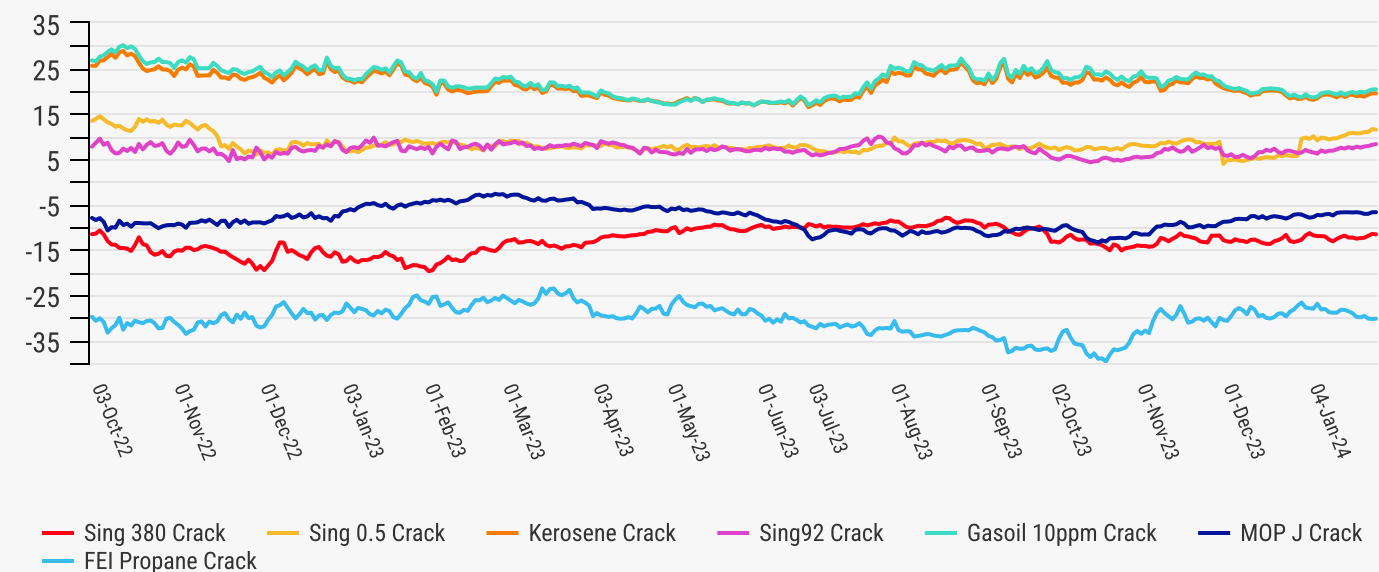


Tenor	Level (\$/mt)	2 Week change (%)
M1	44.13	3%
M2	42.92	10%
Q2-24	37.64	8%
Q3-24	32.48	4%

Asian Oil Products



2H24 Eastern Oil Products Crack (\$/bbl)

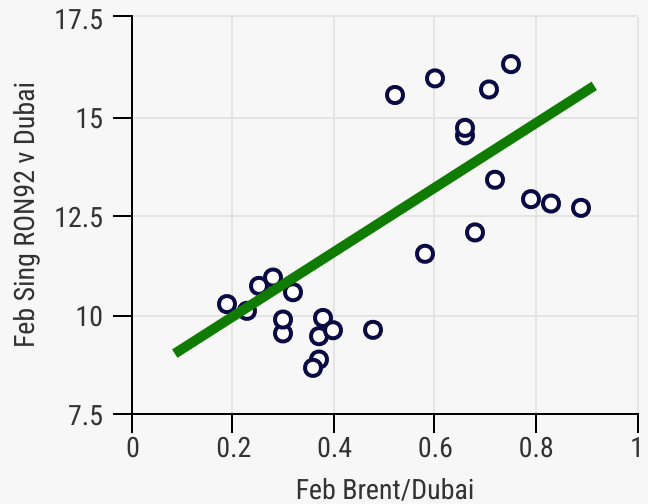
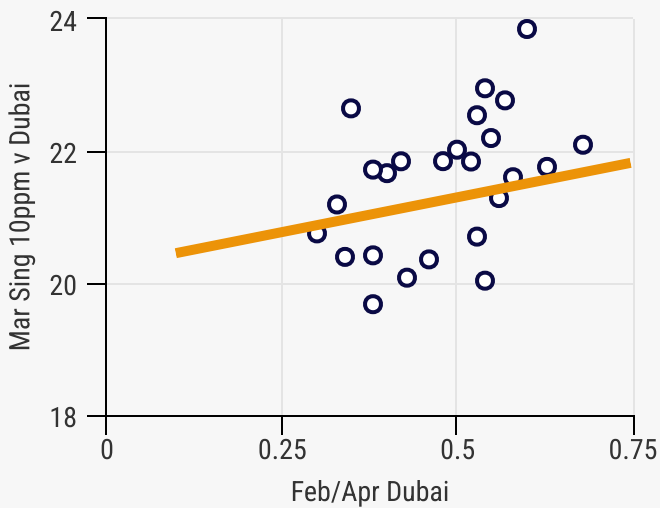
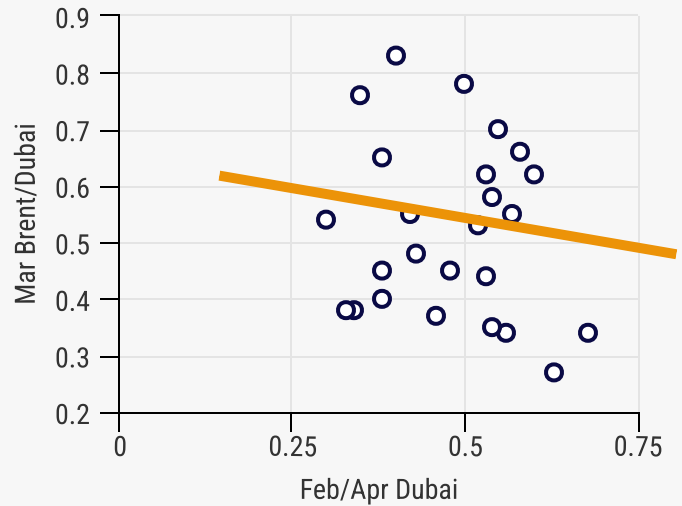
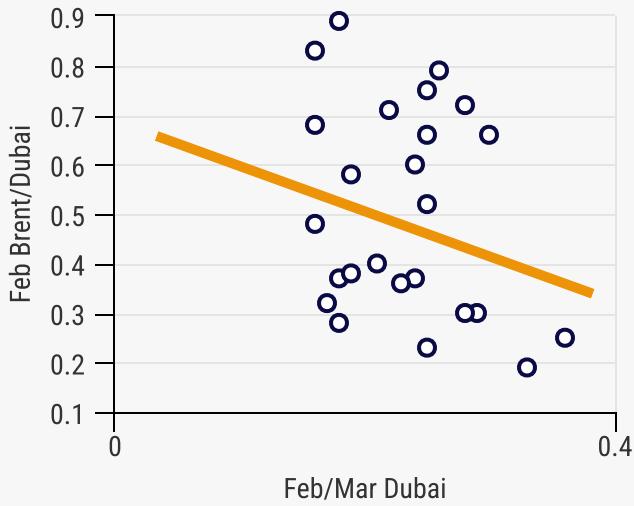


- **Asian refinery margins** have notably strengthened over the last fortnight with the Q2 and Q3 margins reaching highs of \$9.85/bbl and \$8.65/bbl on Jan 26, respectively.
- Supporting the margin, the 2H'24 Asian **gasoil cracks** reached monthly highs on Jan 29, priced in the \$19.40/bbl-handles. Rising freight rates helped to support the gasoil complex.
- **Gasoline** continued to drive refinery margins over the last fortnight, with 2H'24 prices reaching 5-month highs to trade in the \$8.30/bbl-handles on Jan 29. Gasoline contributed to a \$1.90/bbl and \$1.30/bbl rise in Asian margins for Q2 and Q3, respectively.
- **Sing 380 fuel oil cracks** in 2H'24 have also found bullish momentum, trading from the -\$12.15/bbl levels on Jan 16 to around -\$11.60/bbl on Jan 29. Eastern VLSFO was stronger and 2H'24 reached 7-month highs of \$11.60/bbl on Jan 26, with players happy to absorb selling in the week to Jan 26.
- **Naphtha cracks** also found support over the last two weeks, beating the 8-month highs seen last fortnight and with the 2H'24 contract reaching -\$6.70/bbl on Jan 29.
- The 2H'24 **propane cracks** weakened over the last fortnight, pricing from -\$28.90/bbl on Jan 16, to soften below the -\$30/bbl on Jan 29 and reaching 2-month lows.

Correlations Analysis of Dubai-Related Contracts

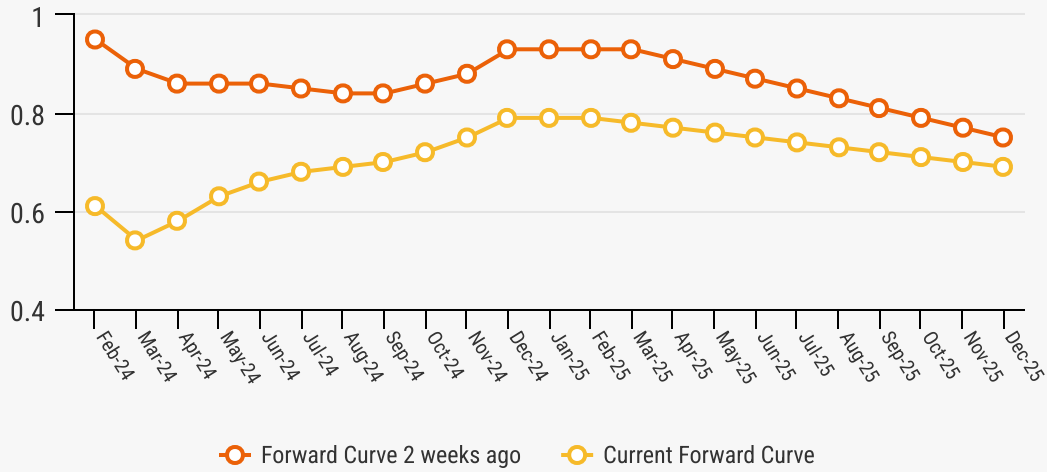


	Feb/Mar Dubai	Feb/Apr Dubai	Feb Brent/Dubai	Mar Brent/Dubai	Feb 10ppm/Dub	Mar 10ppm/Dub	Feb RON92/Dub
Feb/Mar Dubai	100%						
Feb/Apr Dubai	92%	100%					
Feb Brent/Dubai	-27%	-6%	100%				
Mar Brent/Dubai	-30%	-15%	97%	100%			
Feb Sing 10ppm v Dubai	13%	38%	71%	58%	100%		
Mar Sing 10ppm v Dubai	21%	45%	62%	51%	98%	100%	
Feb Sing RON92 v Dubai	10%	33%	71%	60%	80%	77%	100%
Mar Sing RON92 v Dubai	12%	34%	74%	64%	82%	78%	100%





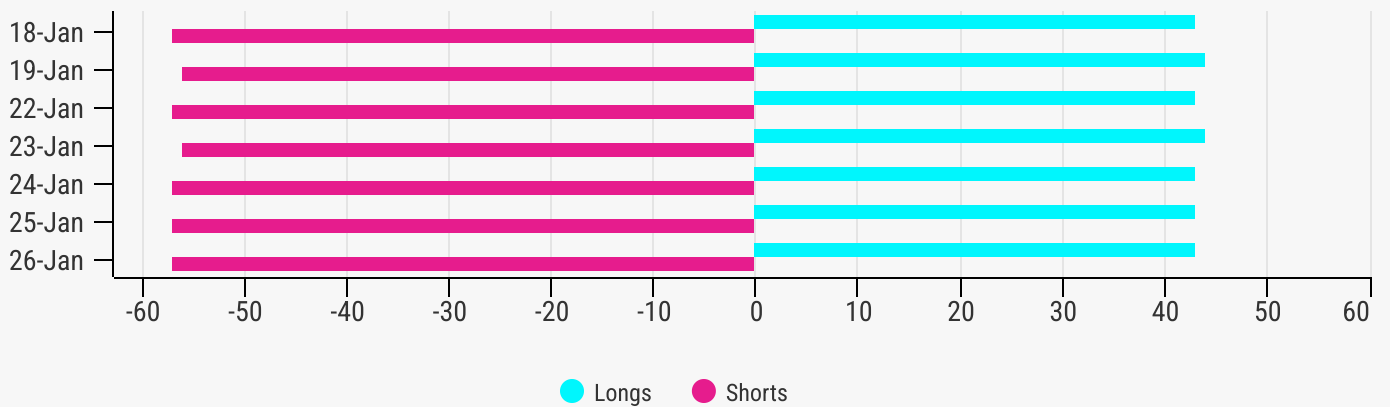
Brent/Dubai Forward Curve (\$/bbl)



7-Day Market Trading Split - Feb 24 Brent/Dubai

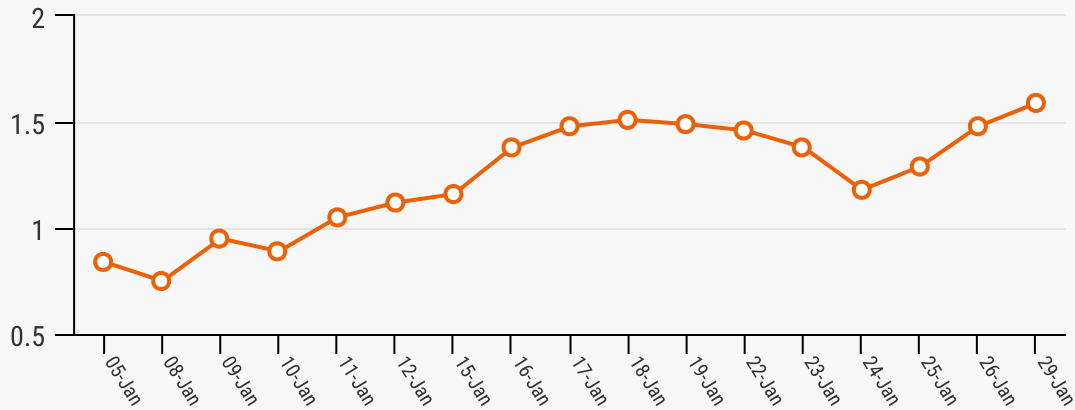


7-Day Market Trading Split - Q2 Brent/Dubai

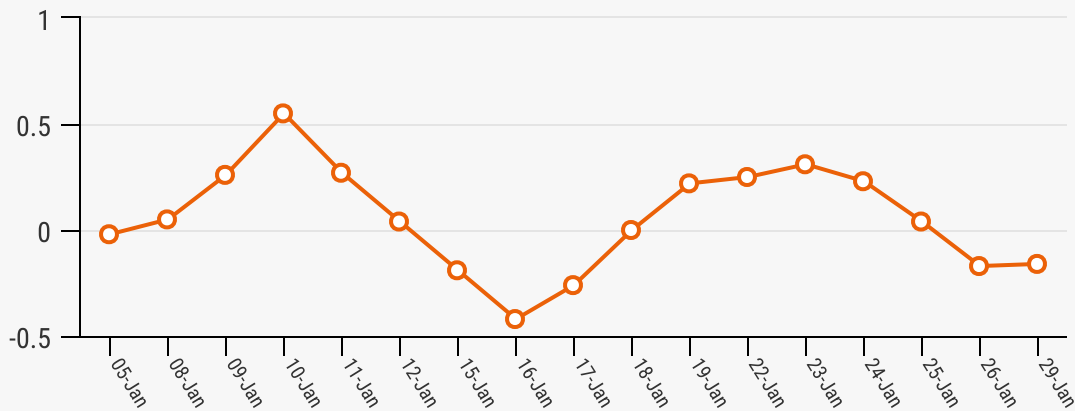




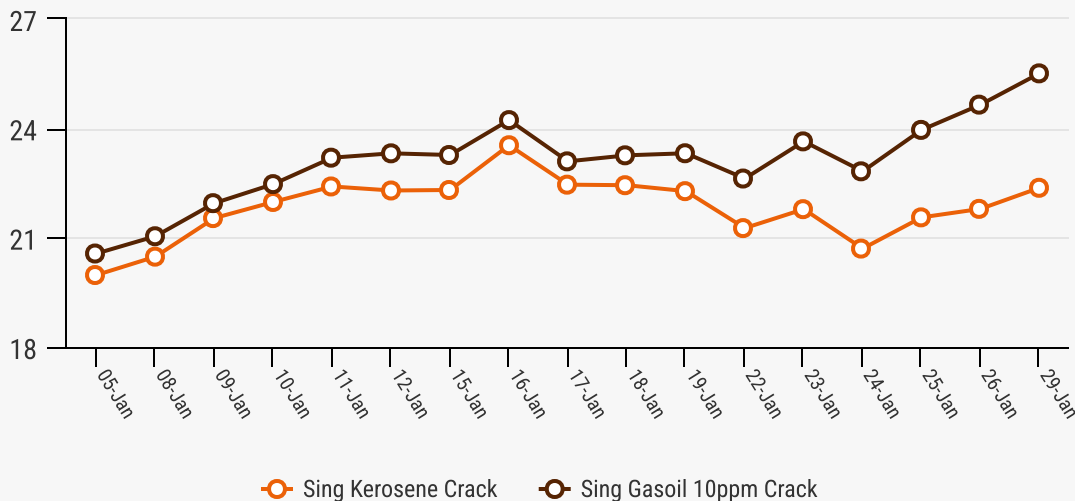
M2 Brent/Dubai EFS (\$/bbl)



M2 Murban/Brent Futures (\$/bbl)



M1 Distillate vs Dubai Cracks (\$/bbl)



○ Sing Kerosene Crack
 ○ Sing Gasoil 10ppm Crack